"U.S.-Japan Relations: Enduring Ties, Recent Developments"

Statement by
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Chairman Faleomavaega and distinguished Members of the Committee, thank you for the opportunity to appear before you to discuss the U.S.-Japan relationship.

Japan's historic Lower House election last August is part of the on-going structural shift in Japan towards alternating party responsibility for governance. This shift in Japanese politics creates new questions for the alliance, as well as new demands on policymakers responsible for alliance management. The arrival of a viable second party on the electoral scene suggests that Japan's foreign policy—as well as its domestic policy choices—will be subject to new types of scrutiny and perhaps to significant challenge in the legislature. In short, we should expect that Japanese choices for the alliance will need to demonstrate greater salience domestically.

This should not be cause for alarm, however. Good public policy should survive public scrutiny and legislative debate, and the opportunity to engage the Japanese public in our conversation over the future of the alliance agenda is welcome. Japanese citizens, like American citizens, want to understand the analyses (and the tradeoffs) that underpin their government's security and foreign policy choices. As the environment surrounding Japan changes, the need for a public better informed of the costs and benefits of Japan's security choices grows.

For too long in the postwar years, Japan's citizens had little access to, or understanding of, the debates that shaped government choices in the alliance with the United States. Sensitivities over the past, and strong support for the "no war" clause in the Japanese constitution, made full and informed policy debate in Japan over security policy choices difficult. Likewise, our policy dialogue with Tokyo on security cooperation was perhaps too accommodating to former government sensitivities about making public the analysis that informed their choices.

Moreover, opposition party resistance to a debate over national security made constructive legislative oversight on policy difficult. Japan's parliament was too contested a venue for discussing the details of policy choices. Rather it was the stage for articulating deeply contentious differences in interpretation over the meaning of Article 9 for Japan's military development, and policy oversight by opposition parties more often than not took the form of a demand for greater civilian control over state security planning.

Thus, civil servants sought to protect alliance policymaking from the gaze of critical domestic interests in an effort to ensure smooth military cooperation. Many of Japan's choices in its relationship with the United States, particularly around sensitive issues regarding U.S. forces stationed in Japan, were thus not given full public scrutiny. As important to today's debate in Japan over the substance of U.S.-Japan security cooperation outlined in the so-called "*mitsuyaku*"—or secret agreements—investigated by Foreign Minister Okada, these choices often seemed to be made at the bureaucratic level rather than by the top political leadership. While most countries tread gingerly in publicizing their national security preparations, this lack of transparency has added meaning in postwar Japan where deep sensitivities remain over the latitude given to military and civilian planners.

Today, we live in a different era—and the time for more direct debate in Japan over its security choices and over the requirements of implementing alliance cooperation has come. Given the complexity and the scope of the security challenges we face today, we need a direct and informed conversation about where the United States and Japan can cooperate—and where we cannot.

The questions being raised in Japan today call for an even greater understanding between Americans and Japanese on such complex topics as the rise of China and India, the incentives for nuclear proliferation, and the economic consequences to all of us from the current economic crisis. The United States and Japan seek to work alongside each other not simply in ensuring that we meet the obligations of our bilateral security treaty, but also in trying to devise strategies for national security that meet the changing demands of the day.

Japan's New Government: Domestic Priorities and Governance Reform

On August 30, 2009, the Democratic Party of Japan (DPJ) won a full majority in the Lower House election, ousting the Liberal Democratic Party (LDP) from a nearly half-century of dominance in Japanese politics. With 308 of the 480 seats in the Japanese parliament, the DPJ won a four-year stint as Japan's ruling party, and is poised to implement its electoral manifesto, which called for changing the governance practices in Japan. This summer's Upper House election will reveal how successful this first year of DPJ governance has been.

High on its list of reform is the relationship between Japan's politicians and the bureaucrats. Capitalizing on public antipathy towards Japan's once highly-respected bureaucracy, the DPJ hopes to put politicians at the top of the government as the main decision makers. Some changes seem cosmetic—no bureaucrats are allowed to testify in parliamentary hearings, for example—but some could be of major import—such as the creation of a National Strategy Council under the prime minister's office to formulate long-term national economic and foreign policy goals. Needless to say, these efforts to redesign the balance of power within the Japanese state will take years to implement.

It is neither foreign policy nor even the relationship with the United States that concerns most Japanese voters. The Democratic Party of Japan campaigned primarily on a domestic policy agenda, including the need for wholesale reform of Japan's public finances and its social insurance infrastructure. Like the United States, Japan's political leaders are grappling with the

consequences of the global economic downturn and the shocks of the financial crisis of 2009. Political change in Tokyo also affects economic policymaking, however, and the new government will be judged harshly if it cannot attend to the need to boost economic growth and relieve unemployment.

The first real policy challenge that confronted the new DPJ government was Japan's budget. A supplementary budget prepared by the previous cabinet was revamped, and added to that was the formulation "from the bottom up" of Japan's fiscal year 2010 budget (April 2010-March 2011). Cooperation by the Ministry of Finance helped the new ruling party reorder the national budgetary priorities. In addition, the introduction of public hearings on government spending forced bureaucrats to justify and to refine their line-item spending requests. These public hearings were televised throughout Japan, and the sight of nervous bureaucrats responding to pointed questions by a committee of DPJ policy-savvy politicians struck a responsive chord among the Japanese public. Theatrics notwithstanding, Japan's FY2010 budget came in at a whopping 92.299 trillion yen ($1.015 trillion), the highest ever as the DPJ sought to stimulate economic growth.

This week major economic indicators offer encouraging signs about the recovery of the Japanese economy, yet concerns remain about deflation. Moreover, the longer term task of revamping the state's fiscal health is also a significant challenge. The new political leadership in Japan understands that it must deal with Japan's worsening fiscal health, and the new National Strategy Council has been tasked with the first step towards that goal. Finance Minister Naoto Kan announced that it would create a mid-term fiscal reform plan by June this year. But the details have yet to be announced, and the economy remains vulnerable to factors beyond Japan's control. Critical decisions in the months ahead made not in Tokyo but in Beijing and in Washington, for example, could make it difficult for Japan to sustain its fragile recovery.

The early months of the DPJ government were welcomed by the Japanese public—expectations were high and public approval ratings stayed at around the 70% mark. However, public support for the new government has since fallen. The *Asahi Shimbun* reported on March 16, 2010 a decline in the prime minister's approval rate (down five points from last month to 32%) but more importantly a rising rate in numbers of Japanese who disapprove of the fledgling DPJ government (47%). The Hatoyama cabinet has lost public confidence in large part due to allegations against the DPJ's powerful secretary general, Ichiro Ozawa, and the prime minister himself for improper handling of campaign funds. Prosecutors have decided they have insufficient evidence to indict Mr. Ozawa. But this scandal overshadowed the first weeks of legislative debate, and distracted the new government from debate the Japanese public was waiting for on the new government's budgetary choices and economic growth strategy.

Japan's Diplomacy: A New Agenda?

From its first weeks in office, the Hatoyama cabinet has actively sought to articulate its approach to Japan's foreign policy. The prime minister's first speech in public, in fact, was at the United Nations Climate Change Summit where he put forward a forceful statement on Japan's commitment to global efforts to reduce carbon emissions. Likewise, he spent another day in New York emphasizing his country's embrace of the goal of nuclear nonproliferation and

disarmament. From there he traveled to the G-20 meeting to reiterate his government's support for the collective effort to stabilize the global economy. This is a government that believes Japan's agenda is global, and in the prime minister and foreign minister, Japan has at the top of its government individuals committed to and actively engaged in working collectively to address the world's problems.

During the election campaign, the DPJ advocated an "equal relationship" with the United States and an emphasis on Japan's Asian diplomacy as a member of the East Asian Community. This party believes strongly in protecting the spirit of Japan's postwar constitutional ban on the use of force for the settlement of international disputes, and has a clear disarmament and nonproliferation agenda. This has raised issues not only for U.S.-Japan defense cooperation, but also for the policies related to the stationing of U.S. forces in Japan.

This year marks the 50th anniversary of the U.S.-Japan security treaty, and President Obama's second visit to Tokyo in November 2010 for the APEC meeting is widely seen as an opportunity to lay out a new alliance agenda for the future. But the ability of this new government and the Obama administration to cooperate on security issues may be tested on issues such as the anticipated UN Security Council discussion on sanctions for Iran, and on the effort to get North Korea back to the negotiating table in the regional Six Party Talks.

The new government's approach to its relationship with China has raised some eyebrows. The notion of an East Asian Community as articulated by Prime Minister Hatoyama remains vague, but his undiplomatic statements to Chinese leaders that Japan has been dependent on the United States for too long have some in Washington worried. There is widespread support in Japan for the idea that Japan should have closer relations with its East Asian neighbors. Indeed, this reconciliation has long been a significant aim in its diplomacy. Yet, the impression is that this government seeks to advance its Asian diplomacy at the expense of its bilateral alliance with the United States, and this sensitivity has led to concerns over the longer-term future of the U.S.-Japan alliance. The dramatic visit by Ichiro Ozawa to Beijing in December accompanied by an entourage in the hundreds (including almost 100 newly-elected DPJ parliamentarians) seemed an overt effort to seek favor with Beijing.

But this zero-sum understanding of what motivates Japan's new government underestimates broader political and social currents in Northeast Asia. Support for energizing regional diplomacy in Northeast Asia is gaining momentum. The energized trilateral summitry between Japan, South Korea and China that began at the end of 2008 is more likely to be the focus of the new government's policy attention. For many in Northeast Asia, this effort to craft a common agenda of cooperation between these three important neighbors is long overdue, and to date the agenda has included consultations on financial regulatory practices, North Korea, humanitarian relief efforts, and recently the more delicate topic of historical reconciliation. Cooperation on the environment will also be high on the region's agenda. The next meeting is expected in May, and there is also talk of increasing bilateral summit talks between Japan's prime minister and the leaders of China and South Korea, respectively.

Northeast Asia today must be the context within which we consider our future with Japan. If we are to succeed in getting Asia right in our diplomacy, we cannot afford to be oblivious to the

changes underway in the society that we ought to know best. We must understand how the rapidly growing influence of China is affecting regional security perceptions, and we must move carefully with Tokyo in mitigating the effects of North Korean belligerency. While building on the deep ties that come from a half century of security cooperation with Japan, we must also be mindful of the need for new approaches to our alliance cooperation. We cannot afford to assume that our old habits of alliance management will continue to serve a changing Japan. A changing Japan does not threaten our interests—it provides new opportunities for our two governments to reflect and improve upon those practices that serve us well. It also offers new insights into what can be—and what should be—as we look ahead for the next decade or more.

Opportunities Ahead for the United States and Japan

The new government in Tokyo has instituted reforms that have created challenges for the United States and Japan in thinking about the future of this partnership. A key issue that plagues Prime Minister Hatoyama and his cabinet has been the relationship with the United States. The tension with Washington over the relocation of a U.S. Marine Corps air base in Okinawa prefecture has erupted into a significant domestic political standoff with local politicians there. The 2006 plan to relocate helicopters to a new runway to be built in Nago, a northern part of Okinawa, has stalled as the Hatoyama government reviews the decision making of its predecessors.

The prime minister's decision to postpone this issue until after local elections prompted speculation that the DPJ is more interested in future electoral victories than in sustaining cooperation with the United States on basing policy. But, in the wake of the Nago City mayoral election on January 24, there is also a growing sense in both Washington and Tokyo that the existing plan is politically too difficult to implement. Thus we are preoccupied at the moment with this significant policy challenge of finding a new home for the U.S. Marine helicopters currently stationed in Futenma.

We must not allow ourselves to become consumed with this one issue. Our alliance relationship with Japan demands a broader lens—and a more thoughtful overhaul—if it is to demonstrate its salience for the next generation of Japanese and Americans. We must organize our policy cooperation with Japan for a more complex regional environment—and we must do it in a way that allows our policy coordination and cooperation to reflect changing responses to this environment. Let me offer some suggestions on the opportunities ahead that if embraced could strengthen and focus our security cooperation with Japan in the years ahead.

First and foremost, we must find an acceptable relocation facility for the U.S. Marine Corps and close Futenma Marine Air Station.

Today, the issue of Futenma relocation seems all-consuming on our bilateral agenda in these first months of working with the new DPJ government, and this has led many to assume that Japan's new government seeks to undermine our military cooperation. This is a misreading of the sentiments—both of the new government towards the alliance but also of the Okinawan sentiments regarding Futenma relocation. The complexity—and the difficulty—of finding a replacement facility for U.S. Marine helicopters currently assigned to Futenma predates the advent of the DPJ government. The best of our defense and foreign policy professionals in both

governments have sought to find a solution to this dilemma, and millions have been spent by both governments in examining the feasibility of relocation options. Futenma is only one base in a broad realignment effort, which if implemented will provide a solid foundation for military cooperation in the decades ahead.

Perhaps forgotten today in our focus on Nago City is that our two governments in 1996 made a promise—at the highest levels—to the people of Okinawa. In the aftermath of prefectural outrage over the rape of a 12-year-old child, the United States and Japan moved quickly to reduce the footprint of U.S. forces on this small island. Closing Futenma was an integral part of this response, and the announcement by Prime Minister Hashimoto and the U.S. Ambassador Walter Mondale that this base in the highly-populated central region of the island would be closed met with broad approval not only in Okinawa but across the country. Yet, 13 years later our two governments are still haggling over the question of where to put the U.S. Marine helicopters, and our collective inability to find a solution is beginning to diminish the sense that we can work together.

As we seek in these coming months to find a compromise solution, I urge our two governments to reflect on the promise made at a time of deep distress. We cannot continue to risk an accident where civilian lives could be at risk, but as importantly, we should not risk the credibility of our promises in the eyes of the Japanese public at a time when the value and the need for our alliance is so immense. No matter what the politics of the moment look like, the U.S. and Japanese governments both must remember that the integrity of the U.S.-Japan alliance will be judged not only on the potential to meet crises from without but also on the capacity to fulfill promises to the citizens it claims to protect.

Second, and more broadly, the two governments will also need to assess some of the oversight mechanisms for managing the U.S. troop presence in Japan.

The demand for greater transparency and accountability is part of any democratic nation's politics, and in virtually every area of public policy, our governments are expected to respect the public's rights to ask questions about priorities, procedures and policy choices. Support for the U.S.-Japan alliance remains strong in Japan. But it is the policy management practices of maintaining 50,000 troops on the ground that needs some adjustment. Like many other societies that host U.S. military forces, there is a sense that the needs of local communities are not getting the attention they deserve. Japan's governors, for example, articulate the need for a better set of guidelines for managing the environment on and around U.S. military bases. Obligated by local law to monitor and manage natural resources, governors in prefectures hosting U.S. military bases run into unique obstacles to the implementation of their obligations. Domestic law and the Status of Forces Agreement do not mesh well on the task of environmental management, and this needs greater attention. Thus, a bilateral discussion of the past practices of cooperation in hosting U.S. military forces in Japan could provide the opportunity to strengthen the relationship between U.S. commanders and local communities, and satisfy the growing desire for greater government accountability that is part and parcel of Japanese democracy. Incorporating local governors in the conversation would be a crucial first step to ensuring that the local impacts of the U.S. military are fully accommodated in national policy decisions.

Third, and equally important, Tokyo and Washington must review and reconfirm their understanding of the alliance's strategic goals and priorities, but do so in a manner that reflects the long-standing aspirations of the Japanese people for peaceful relations with their neighbors.

The current initiative begun by Secretary of State Hillary Clinton and Foreign Minister Katsuya Okada at their meeting in Honolulu in January provides an excellent vehicle for exploring assumptions about contemporary security challenges. This would be a good moment to reflect on the strategic goals for the U.S.-Japan alliance set forth in February 2005, and to update our common priorities for alliance cooperation. The Asia-Pacific region is changing quickly, and our security cooperation must attend to these changes. Coupled with this expert review of our alliance agenda, we must also consider carefully the opportunity for President Obama and Prime Minister Hatoyama to reach out to the Japanese public in November 2010.

Much of what is lost in the current conversation over our political relationship is the generational change that is so obvious in both our countries. A new generation of Japanese is coming into positions of leadership in Japan, a generation that has a different understanding both of the past and of the current relationship with the United States. There is a new opportunity here—and indeed a new need—to revisit our shared histories, and to recommit to a shared future. As we look forward, we should address our past, including an acknowledgment of the painful costs of World War II to both our countries. The president's second visit to Tokyo should be one where he spends time with the Japanese public, explaining the importance of the treaty commitments but also highlighting the need to renew and reinvigorate the American commitment to crafting a common future for our two people. This should be a time when our diplomatic history is celebrated, but also a time for sharing our common aspirations for the future with the American and Japanese people.

Fourth, to meet the growing demand for collective action in the Asia-Pacific region, the United States and Japan must identify ways to strengthen multilateral security cooperation with a broad array of regional partners.

The growth in multilateral conversations within the region over regional security and economic cooperation is of great benefit to the construction of a greater sense of community among the diverse countries of the Asia Pacific. But in the past decade, we can also see new challenges for governments, and for the collective capacity of the countries of the region to cope with the significant challenges to their populations. The United States, South Korea and Japan have intensified their cooperation on how to cope with the belligerence of North Korea, and this ought to be continued, including our collaboration on ballistic missile defense. Policy cooperation among the countries of Northeast Asia has produced a greater sense of common interest than in any previous time.

Other opportunities can be found in working closely with Japan and other regional powers on building capacity for disaster relief and humanitarian assistance efforts. Our military's expertise has been amply demonstrated in the region, but this can be better integrated into a standing regional capacity that can bring quicker and more focused response efforts. We could begin by examining bilaterally our needs and capabilities for joint regional disaster relief facilities and

training, and identifying bilateral opportunities for civilian and military cooperation in disaster and humanitarian relief beyond the Asia Pacific, such as we saw in Haiti.

Finally, economic prosperity in the Asia Pacific demands safe maritime transport of goods and energy resources. The United States has a common interest in anti-piracy cooperation with the countries of the region, and particularly with Japan. Our maritime cooperation should be extended and enhanced to include the ASEAN countries as well as the coalition of partners now working in the Gulf of Aden off the coast of Somalia. Maritime security for the economies of the Asia Pacific is vital, and the stretch of maritime waters from East Asia to South Asia constitute a broad area for much needed consultations and cooperation among our governments, and multilateralizing our maritime cooperation—both civilian and military—would be an essential first step in building regional maritime cooperation. Our ability to work with the countries of the Asia Pacific begins with Japan, and should be a foundation for building regional capacities that will ensure the continued stability of this vibrant maritime region.

Finally, and perhaps the most critical task of 2010, we should work closely with the Japanese government to articulate a common understanding of our respective strategies for global nuclear nonproliferation efforts.

This year will be a seminal year for clarifying our own thinking on extending nuclear deterrence to regional allies, and on examining how to continue to ensure our cooperation on the UN Security Council Resolution 1874 on curtailing North Korean proliferation. Likewise, this year will be crucial to international cooperation on persuading Iran to end its proliferation activities, and Japan can be a considerable partner in this effort. Finally, the Nuclear Non-Proliferation Treaty Review this year offers yet another instance of critical behavior for both of our countries as we grapple with the increasing proliferation pressures and our global capacities for preventing the spread of nuclear weapons.

Both Washington and Tokyo would benefit from the development of a U.S.-Japan action plan for supporting global nuclear nonproliferation efforts. As President Obama has noted, the goal of ridding the world of nuclear weapons may not be attained easily or soon, but the path to that goal requires the shared energies and technological superiority of our two societies. As the only country to have used nuclear weapons and the only country to have experienced their use, the United States and Japan together could offer a powerful partnership in the global effort to ensure security against those who would proliferate and in mapping out a secure path to reducing our dependence on these weapons. In our relationship with Japan, the time has come for clarity in our thinking about the need to proffer extended deterrence to Tokyo—the world's most prosperous and influential non-nuclear power. We should begin to focus our planning attention on the lessons learned from our cooperation bilaterally and via the UN Security Council on responding to proliferation on the Korean peninsula. We must also continue to work closely to integrate our policy goals for coping with Iran. In other words, the United States and Japan must integrate our nonproliferation goals with our force posture consultations so that the next decades of security cooperation between the United States and Japan reflect our shared vision for working towards a nuclear-free world.